

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7056

BILL NUMBER: HB 1261

NOTE PREPARED: Feb 14, 2013

BILL AMENDED: Feb 12, 2013

SUBJECT: Property taxes in a covered county.

FIRST AUTHOR: Rep. Dermody

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Delayed Taxes:* This bill permits the current owner of a homestead in LaPorte County or another covered county to receive the deductions and credits that the current owner is eligible to receive for a current assessment date for all assessment dates for which delayed property taxes are due.

Current Taxes: The bill allows the Department of Local Government Finance (DLGF) to authorize a delay in the payment of tax bills imposed for the March 1, 2012, or January 15, 2013, assessment date in LaPorte County or another covered county.

The bill also applies certain property tax procedures and policies that apply to delayed property taxes in LaPorte County to property taxes that are due and payable in 2013, including:

- (1) a right of a taxpayer to pay taxes by credit card, debit card, bank card, or electronic transfer;
- (2) a discretionary authority of the county council to authorize a 2% discount for property tax payments made within 30 days after statements are mailed or otherwise transmitted;
- (3) an exemption from tax sale for 12 months after the payment is due; and
- (4) permission to file an application for a standard deduction for a homestead within 45 days after the tax statement is mailed or otherwise transmitted.

This bill requires these rights to be explained in the tax statement.

Effective Date: April 10, 2013 (retroactive).

Explanation of State Expenditures: See Local Expenditures.

Explanation of State Revenues:

Explanation of Local Expenditures: *Current Taxes - Summary:* A delay in the property tax payment deadline for 2013 in LaPorte County could result in the need for some taxing units to borrow money for 2013 operations. The tax anticipation warrants would be repaid when tax bills are paid in the county. Taxing units in LaPorte County that borrow money would incur interest expenses.

Current Taxes - Background: Property taxes are due in all counties in two equal installments, by May 10 and November 10 in the year following assessment of most property. Tax payments for mobile homes are due in the year in which they are assessed.

This bill would permit LaPorte County to petition the DLGF to delay 2013 property tax bills. If the DLGF determines after a hearing that the delay will result in taxpayer relief, the DLGF would waive the tax bill deadlines and authorize a single tax statement to be billed after September 16, 2013.

Explanation of Local Revenues: *Delayed Taxes - Summary:* The number of properties that would be affected by this provision is unknown. The application of the homeowners deductions and the 1% cap for properties that are now homesteads but did not qualify previously would significantly reduce the amount of any delayed taxes still due on those properties. The tax bill reduction would be a revenue loss for the local civil taxing units and school corporation that serve the property.

Delayed Taxes - Background: Under current law, any county that after December 31, 2011, is at least 3 years behind in issuing final property tax bills is a "covered county" and is required to expedite delayed tax bills. LaPorte County is the only county that is currently defined as a covered county.

In the case of a current homesteader who purchased non-homestead property in LaPorte County while taxes were delayed, the homeowner would be eligible to receive homestead deductions and the 1% tax cap for the delayed taxes.

If the new owner purchased the property from an owner who was also a homesteader then the delayed taxes already reflect the deductions and 1% cap. If the new owner purchased the property from an owner who was not a homesteader then the delayed taxes do not currently reflect the deductions and are most likely at the 2% cap.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: LaPorte County Treasurer and Auditor. Local civil taxing units and school corporations in LaPorte County.

Information Sources:

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